

MINUTES
Policemen's Pension and Trust Relief Fund
Thursday, June 12, 2008
9:00 a.m.

On Thursday, June 12, 2008, at 9:00 a.m. a meeting of the Board of Trustees of the Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities Conference Room at City Hall.

PRESENT:	Bruce Moore	-Chairman
	Farris Hensley	-Secretary
	Sara Lenehan	-Treasurer
	Brad Furlow	-Member
	Lee Harrod	-Member
	Mike Lowery	-Member
	Albert Miller	-Member

ABSENT: None

Also present were Mr. Bo Brister of Stephens Capital Management who is a Financial Consultants for the Fund, Mr. Dean Overstreet and Mrs. Erin Behring of the Dover Dixon Horne Law Firm who are Legal Consultants for the Fund, Mr. Roger Smith who is a Government Relation Lobbyists for the Fund, Mr. Brian W. Clarke and Whit Porter of Macquarie Capital (USA) Inc., and Mrs. Sharon Phillips and Mrs. Lakisha Grigsby who are Pension Fund Administrative Technicians.

Mr. Moore called the meeting to order at approximately 9:10 a.m., certifying that a quorum of the Board was present, and that the Media had been properly notified in a letter of May 20, 2008 to the Arkansas Democrat-Gazette.

Copies of the May minutes had previously been submitted to Board members. Mr. Hensley told the Board that Ms. Lenehan had informed him that in next to the last paragraph, last sentence of page two (2) stated: "a total reported net (unrealized gain) increase year to date through April 30, 2008 of \$1,480,680.58 was reported", however that was actually the amount reported for the month of April, and not year to date through April 30, 2008. The sentence should actually state the following: "***The net unrealized gain (loss) year to date through April 30, 2008, was (\$2,257,436.89)***". Following their review, Mr. Furlow made a motion to approve them as submitted with the above referenced correction. Mr. Lowery seconded the motion and it passed unanimously.

Mr. Smith reported concerning legislative matters, and said that since the last meeting he had met with a legislator who has agreed to sponsor legislation on behalf of the Little Rock Police Pension Fund, and to assist with drafting of the bills through the State Legislative Research Department. He said that the earliest date to expect the drafting process to be completed would be in August 2008. The following matters will need to be drafted into a bill format for introduction:

Amend the current State Statute to make annual ethics reporting for Municipal Police Pension Fund Board Members consistent with State Ethics guideline reporting for other local, county, and State Boards and Commissions.

Minutes

June 12, 2008

Page 2 of 4

Amend the current State Statute, to provide specific language allowing stored property to be auctioned via internet sales.

Amend the current State Statute to establish an effective date of July 1, 2007, in regard to benefits paid, to former spouses upon the death of a member, via Qualified Domestic Relation Orders (QDRO).

The two issues involving insurance premium tax allocations are currently pending in the Local Police and Fire Retirement System (LOPFI), Interim Study Committee of which Mr. Hensley is a member. He (Mr. Smith) recommended that the two issues be postponed until the committee concludes their work, and makes a final recommendation. First, of the two specific issues was to identify a portion of funding that could be used to financially assist Police Pension Funds who wish to voluntarily seek a three percent (3%) compound Cost of Living (COLA) merger with LOPFI. Second, was to increase the future police supplement paid annually by the State to all Municipal Police Officers.

Mr. Smith reported that statutory authority to withhold renewal of driver's license until outstanding fines are paid currently exists, and although the issue could possibly be resolved by working with local courts to insure proper reporting to the appropriate state agency, many District Courts simply ignore their authority and fail to properly report such individuals. He said that later during the afternoon he will be meeting with the President of the District Judges Counsel to discuss the matter, and at some point a determination will need to be made in regard to the best approach for resolving the problem. A resolution could exist in the form of an amendment to the statute from being permissive to being mandated, or for individual cities to pass local ordinances. All matters relating to legislative issues were tabled until July.

Mr. Smith left the meeting at approximately 9:30 a.m.

Mr. Brister of Stephens Capital Management said that Mr. Middleton was unable to attend due to a conflicting scheduled meeting, and that Mr. Jordan was out of town. He (Mr. Brister) told the Board that he had asked Mr. Brian W. Clarke, Division Director, and Mr. Whit Porter, Private Placement Group, both of Marquarie Capital (USA) Inc., which is an Alternative Investment Infrastructure Fund Group to present a presentation to the Board. Mr. Brister said that he, Mr. Middleton, and Mr. Jordan have a special interest in Infrastructure Investing as an alternative investment strategy, and wanted the Board to hear the presentation.

Following the above referenced presentation, Mr. Brister reported that on May 31, 2008, the market value of the total Fund was \$61,488,352. This represents an increase in the account balance of \$770,737.20 since April 30, 2008. The component of this change was income of \$150,296.3800. There were net contributions/withdrawals of \$593.76. The Funds overall market rate of return for the month of May 2008 was 1.10%, and (0.41%) year-to-date through May 31, 2008. On May 31, 2008, \$24,080,678.84 was allocated to DROP.

Mr. Overstreet reported concerning the lawsuit in regard to past benefit increases, and said that there has been little change in the past thirty-(30) days, however he has continued to work on factual stipulations.

Mrs. Behring reported on the matter concerning ten percent (10%) of probation fees, and said that there had been a death in the family of the City Attorney representative, and a meeting has yet to be scheduled, however she expects that a meeting will have occurred prior to the July meeting.

At the May meeting Ms. Lenehan had told Board Members who receive \$150.00 for attending monthly meeting that they would begin receiving a federal 1099 form, *(one hundred dollars (\$100.00) was established by a prior vote of all Pension Fund Members to reimburse their Board Member representatives for various cost incurred while conducting Pension Board business, including incurred cost for attending monthly pension, and other related meetings. Fifty (\$50.00) was later established by a vote of the Board to reimburse Board members for required internet service).* During discussion Pension Fund attorneys had been asked to review the matter, and report at the June meeting.

At the current meeting Mrs. Behring reported on the above referenced matter in regard to IRS requirements for 1099 form reporting as it could apply to Board Members, and said that she had reviewed the applicable IRS codes, and found that in 1986 or 1987 a requirement was established to report on a 1099 form if more than \$600.00 yearly is paid for certain cost. There was a lengthy discussion in regard to what specific costs is included in the requirement to report, and what costs that is not included, versus the nature of payments *(cost reimbursements)* to Board members. Also discussed was the issue of W-2 (and/or) 1099 reporting for all City Department Employees in regard to matters involving the use of city computers, cellular telephones, and vehicles. Some Board Members were concerned that universal application throughout all City Departments might not be occurring, and questioned why this action is only now being taken after approximately twenty (20) years following enactment of the IRS code. There was no formal action taken, and the matter was tabled until July.

Mr. Moore left the meeting at approximately 10:30 a.m. to keep a prior commitment.

In the May meeting, Mr. Smith had reported that statutory authority currently exists for Police and Fire members to have their county real estate property taxes frozen in the same manner that currently exists for individuals on social security, and that a legislative resolution is not needed. He explained that the only requirement is for such individual to provide proof of their disability retirement.

At the current meeting, Mr. Harrod asked that Pension Fund Administrative personnel or the Funds Legal Counsel research the above referenced law in regard to providing a letter of certification to the Five (5) or six (6) members who have received disability pensions. There was a discussion in regard to members who have received a full medical pension, versus others members who retired during their DROP participation, and asked that their retirement be documented as, for medically related purposes. The matter was tabled until July.

All matters relating to reimbursement of dental insurance premiums was tabled until July.

Previously submitted to Board Members were copies of the un-audited balance sheet report year-to-date through May 31, 2008. The report indicated that on May 31, 2008, the total account fund balance was approximately \$62,963,266.06, of which \$24,080,678.84 was allocated to DROP. The net (unrealized gain) for the month of May 2008 was \$653,541.99, with a (loss) of *(\$1,603,894.90)* year to date through May 31, 2008.

Also previously submitted were copies of the May 2008 expense and legal fee report. Total expenditures excluding benefit related expenses, were \$4,477.12 for the month of May, and \$28,622.29 calendar year through May 31, 2008. There were no Legal fee expenditures paid during the month of May 2008; however totaled \$13,702.50 year to date through May 31, 2008.

Minutes

June 12, 2008

Page 4 of 4

Mr. Donnie McHughes, formerly a Police Pension Board member had requested to purchase the Pension Fund lap top computer that he had been using during his tenure on the Board. Ms. Lenehan reported that the computer was purchased on September 21, 2006 for \$826.26, and that a three (3) year, or (5) year straight line method of depreciation is commonly used for computers. She said that if a three (3) year method were used the net value would be \$367.23, verses \$550.04 when using a five (5) year method.

Following discussion, Mr. Lowery made a motion to allow Mr. McHughes to purchase the above referenced computer for \$367.23. Mr. Furlow seconded the motion and it passed unanimously.

Mr. Lowery made a motion to approve the retirement application of Mr. Donald Wells in the monthly amount of \$2,288.80, effective June 3, 2008. Also included in the motion was to remove from the pension rolls Mr. Cecil Stephens who passed away on May 7, 2008, approve a \$6,500.00 death benefit, and extend the Boards condolences to his family. Mr. Harrod seconded the motion and it passed unanimously.

Upon conclusion of Pension Board business, Mr. Hensley made a motion to adjourn the meeting. The motion was seconded by Mr. Harrod and passed unanimously. The meeting adjourned at approximately 11:05 a.m.

Respectfully submitted,

Farris Hensley, Secretary